

## Message Text

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ACTION NEA-10

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FM AMEMBASSY TEL AVIV

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E.O. 11652: NA

TAGS: ELAB PINS IS

SUBJ: PUBLIC SERVICE UNIONS PREPARING FOR A SHOWDOWN WITH GOI

REF: TEL AVIV 1801

SUMMARY: TAX, CUSTOMS, POSTAL AND COMMUNICATIONS WORKERS IN DEFIANCE OF THEIR LEADERSHIP HAVE ANNOUNCED STRIKE BEGINNING APRIL 8 TO PROTEST AGAINST ELIMINATION OF THEIR SPECIAL ALLOWANCES. IN VIEW OF GOI BUDGET PROBLEMS ONLY MINOR CONCESSIONS TO EMPLOYEES ARE EXPECTED. UNLESS THERE IS A LAST MINUTE AGREEMENT STRIKE LIKELY TO LAST THROUGH PASSOVER PERIOD. IN VIEW OF TRADITIONAL CURTAILMENT OF GOVERNMENT SERVICES DURING HOLIDAY PERIOD, EFFECT ON PUBLIC LIKELY TO BE ONLY SPORADIC. A SECOND STRIKE OF GOVERNMENT EMPLOYEES NOT RECEIVING ALLOWANCES HAS BEEN ANNOUNCED FOR AFTER PASSOVER. BY THEN, HOWEVER, OVERALL AGREEMENT ON IMPLEMENTATION OF BARKAI COMMISSION DECISION LIKELY TO HAVE BEEN REACHED. END SUMMARY

1. IN DEFIANCE OF THE HISTADRUT AND CIVIL SERVICE UNION LEADERS THE WORKS COUNCILS OF MOST GOVERNMENT DEPARTMENTS HAVE VOTED TO STRIKE IN PROTEST AGAINST THE IMPLEMENTATION OF THE BARKAI COMMISSION DECISION (REFTEL) CALLING FOR ABOLITION OF SPECIAL CIVIL SERVICE ALLOWANCES AND FOR LIMITING WAGE INCREASES TO ALREADY AGREED UPON COST OF LIVING (COL) ADJUSTMENTS. BOTH THE GOVERNMENT AND THE HISTADRUT HAD COMMITTED THEMSELVES IN ADVANCE TO ABIDE BY THE COMMISSION'S DECISION. THUS ANY STRIKE AGAINST

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IT WILL BE CONSIDERED BY BOTH GOVERNMENT AND UNIONS AS ILLEGAL,

EVEN THOUGH THE HISTADRUT FEELS THAT THE RECOMMENDATION TO LIMIT WAGE INCREASES TO COL ADJUSTMENTS HAD BEEN BEYOND THE COMMISSION'S MANDATE.

2. IN VIEW OF UNPRECEDENTED STEP OF CIVIL SERVICE WAGE CUTTING AND STRATEGIC POSITION OF THOSE AFFECTED, THE EMPLOYEE GROUPS ARE DETERMINED TO TEST GOVERNMENT DETERMINATION TO HOLD THE LINE ON PUBLIC SERVICE SALARIES.

3. SHOULD LAST MINUTE HISTADRUT EFFORTS TO REACH COMPROMISE WITH GOVERNMENT FAIL, THE FIRST GROUP OF ABOUT 20,000 EMPLOYEES, WHOSE ALLOWANCES ARE ABOUT TO BE CANCELLED, WOULD BEGIN STRIKING ON APRIL 8 AND THE SECOND GROUP OF 40,000 EMPLOYEES WHO HAVE DEMANDED BUT FAILED TO RECEIVE SIMILAR SPECIAL ALLOWANCES WOULD FOLLOW APRIL 21, THE FIRST PAYDAY WHEN THE NEW COL ADJUSTMENTS GO INTO EFFECT.

4. THE STRIKE SCHEDULED FOR APRIL 8 WOULD TIME UP TAX COLLECTION, CUSTOMS, SOME HEALTH SERVICES, NATIONAL INSURANCE (INCLUDING PENSIONS), AND POSTAL, TELEGRAPH AND TELEPHONE SERVICES. WITH GOI SO FAR UNWILLING EITHER TO GRANT WAGE INCREASES OR TO CONTINUE PAYING ALLOWANCES (NOT TO MENTION EXTENDING THEM TO THOSE GROUPS NOT NOW RECEIVING THEM) HISTADRUT LEADERS FEAR THAT A LIKELY STRIKE MAY LAST THROUGH PASSOVER PERIOD WHICH ENDS APRIL 22.

6. ACCORDING TO HISTADRUT, THE MINISTRY OF FINANCE IS WILLING TO CONSIDER ELIMINATION OF SPECIAL ALLOWANCES RANGING FROM 3.4 PERCENT TO 15.5 PERCENT IN FOUR STEPS OVER TWO YEARS INSTEAD OF IN TWO STEPS OVER ONE YEAR AS RECOMMENDED BY BARKAI. HISTADRUT, MINDFUL THAT IT MUST SATISFY NOT ONLY GROUP WHICH IS LOSING ALLOWANCES BUT ALSO GROUP WHICH IS DEMANDING THEM, PROPOSES A FOUR PERCENT GENERAL WAGE INCREASE FOR 1976 AND TWO PERCENT IN 1977 COMBINED WITH GRADUAL ELIMINATION OF ALLOWANCES OVER TWO-YEAR PERIOD. HOWEVER, NEGOTIATORS REMAIN DOUBTFUL THAT EVEN THIS PROPOSAL WOULD AVOID STRIKE BEFORE DEADLINE.

7. COMMENT: THE POTENTIAL DAMAGE A CIVIL SERVICE STRIKE WOULD INFLICT ON ISRAELI ECONOMY MAKES A PROLONGED STRIKE UNLIKELY. HOWEVER, GIVEN UNCERTAINTIES CREATED BY PAST GOVERNMENT LIMITED OFFICIAL USE

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RECORD OF WAFFLING UNDER PRESSURE AND SERIOUSNESS OF CURRENT BUDGETARY SITUATION, IT NOW SEEMS LIKELY THAT A MODERATE SETTLEMENT CANNOT BE REACHED WITHOUT AT LEAST SOME PRIOR, EVEN IF ONLY SHORT, CONTEST OF STRENGTH. SINCE GOVERNMENT SERVICES ARE TRADITIONALLY CURTAILED DURING PASSOVER, EFFECT OF STRIKE ON PUBLIC DURING WEEK APRIL 12-22 LIKELY TO BE FELT ONLY SPORADICALLY. EFFECT ON EMBASSY OPERATIONS WILL PROBABLY BE MINIMAL. TOON

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